Appendix.

[Vide item VI (2) and (3) on pages 1070–1091 supra.]

Mr. Speaker,

Sir, I move that the Government be granted a sum not exceeding Rs. 3,87,10,600 under Demand XXVII—Electricity. This Demand is for a grant from current revenues to meet working expenses of electricity schemes in operation. The working expenses include expenditure on smaller works financed from ordinary revenues, expenditure on operation and maintenance, provision for depreciation and the cost of establishments. Against Rs. 3·87 crores required for these working expenses, the net expenditure on working alone being Rs. 3·19 crores, the gross revenue expected to be earned by the Electricity Department is Rs. 5·26 crores.

There is another Demand under Electricity—Demand XXXVIII relating to the Capital Outlay on Electricity Schemes. The gross demand for Capital Outlay on Electricity Schemes this year amounts to Rs. 6,24,70,200. To present a complete picture of what is being done in the field of electricity, I may be permitted to deal with both the Demands together.

2. Sir, during the general debate on the Budget some members seemed to have felt that nothing much had been done and that the expenditure had been inadequate in the field of power development and supply. Actually, in the matter of development and supply of power, Madras has been very progressive, especially in rural electrification, and a great deal has been achieved. The number of villages receiving supply of power in the present Madras State is now about 2,000 and this is the largest in any State in India. It was only 843 in 1946–47. The number of agricultural pumpsets connected on the eve of Independence was only about 5,000. It is now nearly 17,000. The total installed capacity of the generating plants in the State is now 2,20,000 K.Ws., the power generated per annum being of the order of 707 million units, against 1,04,000 K.Ws., and an annual generation of only 298 million units in 1946–47. The connected industrial load which was 1,22,500 K.Ws. before Independence is now 2,33,000 K.Ws. and the irrigation and agriculture load has increased from 40,700 K.Ws. then to 93,100 K.Ws. now. There were 826 rural industries receiving power in 1947; the number at present is 2,038. About 3,000 medium-scale industries, 30 new textile mills and a number of other major industrial units such as cement, etc., have been set up during the period with the aid of the power supplied. The total mileage of high-tention and low-tension lines has increased from 4,806 in August 1947 to 9,949 to-day. The number of consumers which was only 1·25 lakhs about six and a half years ago, is now 3·40 lakhs. These results, of which Madras should be proud, were achieved with a total capital expenditure of just under Rs. 30 crores during the period from 1947–48 to the end of 1953–54, averaging an expenditure of about Rs. 4·25 crores per annum. The gross capital expenditure proposed for 1954–55 is Rs. 6·25 crores, which after adjusting transfers of stores, recoveries such as those

25th March 1954]

for work done for other Departments and in respect of service connections for consumers, means a net capital expenditure of Rs. 4·96 crores. In other words, we intend spending in the coming year more than what we had spent annually on the average, in the past seven years.

3. Despite difficulties in getting plant and equipment and notwithstanding the problem of getting funds, the Government managed to find and spend Rs. 30 crores on a number of major schemes for the generation and distribution of power to meet increasing demands for power. Some of these schemes, including the Moyar Hydro-Electric Scheme, the First Stage of the Madras Plant Extensions, the Madurai Thermal Scheme and the Papanasam Hydro-Electric Extensions have been completed adding 72,000 K.Ws. to the power capacity of the State. The others in the process of execution, figure in the Five-Year Plan of the Planning Commission for the period 1951–56, and the total capital outlay during this period will be about Rs. 30 crores. The Third Stage of the Pykara Hydro-electric Scheme and the Second Stage of the Madras Plant Extensions are expected to be completed fairly soon. The expenditure proposed on these two projects in the coming year will be Rs. 76 lakhs and Rs. 62 lakhs respectively.

The demand for power in this State is widespread and insistent, and, by the time the projects in the Plan are completed, it may be in excess of the power supplies available then, if the Demand continues to increase as at present. To meet the situation, the Government made a strong representation to the Planning Commission for the inclusion of the Periyar and Kundah Hydro-electric Projects in the current Plan and the immediate commencement of their execution. The Commission has responded promptly to the request and included the Periyar Hydro-electric Scheme in the Five-Year Plan. This scheme is for the generation of 75,000 K.Ws. initially and 1,00,000 K.Ws. ultimately, the cost being Rs. 675 lakhs initially rising to Rs. 1,047 lakhs in ten years, with the development of supplies under the scheme. Orders sanctioning the Project will be issued shortly and a provision of Rs. 30 lakhs has been made in the Budget for 1954–55 for expenditure on this Project. Certain modifications have been made to the Kundah Scheme as desired by the Planning Commission and it is expected that this scheme will also be included in the Plan and taken up for execution soon. This Project will have an initial capacity of 1,45,000 K.W. and an ultimate capacity of 1,80,000 K.W. and will cost Rs. 26 crores initially rising to Rs. 35·44 crores in ten years.

4. It is not enough to execute power generation schemes alone. The power generated has to be transmitted, distributed and made available to consumers. Unfortunately, owing to the difficult financial situation and, particularly, the need for spending large amounts on famine relief in the Composite State, the limited funds available had necessarily to be spent more on the generation projects as such, as delay in the completion of the generation schemes would have meant loss to the State on interest, overheads, etc., and also the bills of the suppliers of plant and machinery had to be paid

[25th March 1954

to avoid interest charges. The execution of Electricity Extension Schemes had perforced to be slowed down, but Government made arrangements for the execution of such schemes where voluntary contributions from the would-be beneficiaries were forthcoming. This Voluntary Loan Contribution Scheme was not a success, but the generous response of the public to the general State Loan floated earlier in the current year made it possible for the Government to provide funds in the latter half of the current year for the execution of extension schemes. For 1954–55, out of the total net capital expenditure of about Rs. 5 crores proposed, a very large provision of Rs. 2·56 crores, amounting to practically the capacity of the Electricity Department to execute such schemes, has been made for schemes for the extension and distribution of power supplies. The areas served by the Pykara System will have extension and distribution schemes executed at a cost of Rs. 63 lakhs. The amounts proposed to be spent on such schemes in the Mettur, Papanasam and Madras Systems are respectively Rs. 76·61 lakhs, Rs. 79·82 lakhs and Rs. 36·65 lakhs. A sum of Rs. 21 lakhs is to be spent on transmission, etc., lines for the distribution of Mysore power from Jog falls to the South Kanara district. The extension and distribution schemes are being executed in strict order of priority of investigation and sanction, with due regard, of course, to the availability of power supplies and the capacity of the transformers to transmit the power in the areas concerned. Where, however, the beneficiaries contribute a loan to cover the full cost of an extension scheme, that scheme will be taken up out of turn and executed under high priority. Our target is to extend power to about 250 villages every year and connect up about 3,000 agricultural pumpsets annually. For the reasons explained, such schemes cannot be executed on a district basis.

5. Turning now to the Demand for Working Expenses of Electricity Schemes actually in operation, I am glad to be able to say that, although our gross revenues have been going up steadily, as is to be expected, our working expenses have by no means shown any undue or unreasonable increase. Some time ago, a suggestion was made in certain quarters that the working expenses were unduly increasing. In actual fact, the position is very satisfactory. The gross revenue expected in 1954–55, thanks to the satisfactory storage position in the hydro-electric reservoirs and our ability to supply power without a cut, amounts to Rs. 5·26 crores, the corresponding figures for the State, i.e., what used to be known as the Residuary Areas, for 1952–53 and 1953–54 being Rs. 4·31 crores and Rs. 4·76 crores. The working expenses, including suspense amounts, for the years 1952–53 and 1953–54 were Rs. 3·12 crores and Rs. 3·27 crores respectively meaning that the percentage of working expenses to gross revenue amounted to 72 and 69 respectively. The Budget Estimate of Rs. 3·19 crores for net expenditure on working for 1954–55 amounts to only 61 per cent of the gross revenue expected. Actually this figure of Rs. 3·19 crores includes suspense amounts, such as amounts of revenue by sale of power still to be collected, adjustments of deferred expenditure, etc. If we exclude the suspense amounts, the working expenses in 1952–53,

25th March 1954]

1953–54 and that expected for 1954–55 amount to Rs. 3·01 crores, Rs. 3·23 crores and Rs. 3·30 crores respectively, which are 70 per cent, 68 per cent and 63 per cent only of the gross revenue in the corresponding years. There is therefore no question of our working expenses going up unduly. On the contrary, as is to be expected, the increase in the size of our Electricity System with a common direction and control, stores, etc., for the entire Department, has meant a reduction in working expenses compared to the revenue.

6. As I indicated earlier, we are hastening the construction of generating stations and the execution of Electricity Extension Schemes in order to meet the growing demand for power. In this connexion, I must utter a note of caution. Some suggest now and then that thermal stations should be constructed here and there. Such thermal stations have to be operated with the assistance of coal or diesel oil. Coal is costly and also very difficult to get, and operation with diesel oil is even more expensive. The cost of generation of power in a thermal plant may be as much as four times the cost of generation in a hydro-electric plant. The construction of thermal stations under such conditions would therefore be uneconomic, except where coal can be obtained without much difficulty at reasonable rates, and water for operation and cooling can be had without large additional expenditure. As our entire Electricity System is a Grid with all hydro and thermal stations inter-connected, a thermal station can be located anywhere in the State. It is for these reasons that we are extending the Madras Thermal Plant to the extent to which it could be done reasonably, economically. Thermal support is no doubt necessary and desirable, especially to supply power during the non-irrigation season, when water conditions in the storage reservoirs may be low. This aspect, consistent with the question of cost of generation, has not been lost sight of by the Government. Plans are being drawn up for the establishment of a large thermal generation plant with an initial capacity of 1,00,000 K.W. and 2,00,000 K.W. later, in the Neiveli area, where cheap lignite may become available. As soon as the Department is in a position to expect steady supplies of lignite within a reasonable period, the Thermal Plant Scheme, which it is proposed to recommend for inclusion in the Second Five-Year Plan, will be taken up. The hydro-electric potential of all water courses in the State is also being investigated, the more promising schemes being taken up first. In this and in several other matters considerable forward planning is going on.

7. As mentioned in the Governor's Address and in the Finance Minister's Budget Speech, the Electricity Undertaking Acquisition Act has been held to be invalid by the Supreme Court. The Government propose to re-enact the provisions, with suitable modifications, in the light of the observations of the Supreme Court. It is not, however, proposed to acquire private electricity undertakings, except where an undertaking is not working satisfactorily, or where its acquisition is essential in the interests of co-ordinated development of power-supply in the areas concerned. It is equally necessary to provide for expansion of supply by licensee undertakings.

[25th March 1954

The Madras Industrial Investment Corporation can be approached by them for loans for the purpose. The Government have provided a sum of Rs. 10 lakhs for loans to such of the undertakings which cannot be assisted by the Corporation under the Corporation's rules.

8. I am afraid I have kept you long, but I felt that I must acquaint you in some detail, with what we have achieved and what we propose to do in this important field of development. We must do first things first if we are to get the best out of the money available, and in this we have succeeded appreciably. With the continued execution of schemes on a planned basis and with public co-operation, we are bound to continue to succeed.

I am sure members would agree with me that the Electricity Department as a whole deserves a tribute for its loyal efficiency and enthusiasm and the progress it has made in giving service to the people of the State.

TAMIL NADU LEGISLATIVE ASSEMBLY
TRUTH ALONE TRIUMPHS

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